

Message Text

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15

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 L-03 H-03 PA-04 USIA-15 PRS-01 TAR-02 AGR-20

SWF-02 DRC-01 /185 W

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R 292042Z MAR 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6690

INFO AMEMBASSY BOGOTA

AMEMBASSY BRAZILIA

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 1343

E.O. 11652: N/A

TAGS: ETRD, PFOR, XK

SUBJ: BANANAS - STANDARD FRUIT COMMUNICATION FOLLOWING MEETING
WITH CHIEF OF STATE LOPEZ

REF: TEGUCIGALPA 1252

SUMMARY: IN STANDARD FRUIT PREPARED PRESS RELEASE FOLLOWING
MEETING WITH C OF S LOPEZ A GENERAL STATEMENT OF STANDARD
FRUIT'S POSITION IS OUTLINED. COMMUNIQUE PICKED UP IN
LOCAL PRESS MARCH 28. END SUMMARY.

1. "THE C OF S GENERAL OSWALDO LOPEZ ARELLANO AND THE MINECON LIC.

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ABRAHAM BENNATON RAMOS RECEIVED THE EXECUTIVES OF

STANDARD FRUIT COMPANY THIS MORNING.

2. "THE EXECUTIVE OF THE COMPANY EXPLAINED TO THE C OF S AND MINECON THE DEEP PREOCCUPATION THEY HAVE FOR THE BANANA INDUSTRY ESPECIALLY IN HONDURAS BECAUSE OF THE TREMENDOUS INCREASE IN COSTS THAT ARE TO RESULT FROM A NEW EXPORT TAX.

3. "IT WAS EXPLAINED TO THE C OF S THAT STANDARD WILL OFFER HONDURAN FRUIT IN THE WORLD MARKET AND WILL UNDERTAKE ALL POSSIBLE EFFORT TO SEEL IT.

4. "ALSO IT WAS EXPLAINED TO THE C OF S THAT WE CONSIDER IT OUR DUTY TO TELL HIM THAT THE HONDURAN PRODUCT WILL HAVE TO COMPETE IN THE MARKET WITH THE BANANAS WHICH WE IMPORT FROM OTHER COUNTRIES, AND THAT THERE WILL BE LESS COMPETITIVE WITH THE OTHER FRUITS SOLD IN THE U.S. MARKETS. FOR THESE REASONS STRICTLY BASED ON THE MARKET CONDITIONS, WE ANTICIPATE A SUSPENSION OF SHIPMENTS FROM HONDURAS FOR SOME NUMBER OF WEEKS THAT WILL AFFECT THE NUMBER OF EMPLOYEES AND THE SALARIES OF ALL THE EMPLOYEES.

5. "FURTHER DISCUSSING THE LONG-TERM PROJECTIONS IT WAS EXPLAINED TO THE C OF S THAT THERE WILL BE A REDUCTION IN THE PRODUCTION ACTIVITIES OF BANANAS BECAUSE OF THE REDUCED CONSUMPTION IN THE WORLD MARKETS SUCH AS HAS OCCURRED WITH OTHER FRUITS WHEN THE PRICES AND COSTS HAVE INCREASED.

6. "THE DIFFICULTIES OF REHABILITATING THE BANANA PLANTATIONS FOLLOWING FLOODS AND WIND DAMAGE AS EFFECTED BY THE NEW CONDITIONS PRESENTED BY THE NEW TAX WERE ALSO EXPLAINED TO THE C OF S.

7. "THE COOPERATION AND ASSISTANCE OF THE GOVERNMENT WAS SOLICITED IN ORDER TO AID THE WORKERS WHO MAY BE WITHOUT WORK AND ALL THOSE THAT MAY SUFFER A REDUCTION IN THEIR INCOME DURING THIS DIFFICULT PERIOD.

8. "WE BELIEVE THAT THE C OF S UNDERSTOOD OUR POSITION AND THE PROBLEMS MENTIONED ABOVE.

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9. "MR. KIRCHOFF (PRESIDENT OF STANDARD FRUIT) EXTENDED A PERSONAL INVITATION TO MIN. BENNATON TO VISIT THE U.S. AND VERIFY FOR HIMSELF THE SITUATION THAT MAY BE CREATED IN THE MARKET AND THAT STANDARD FRUIT IS USING ALL OF ITS CAPACITY TO BRING ABOUT THE SALE OF BANANAS FROM HONDURAS. HE WOULD ALSO OBSERVE FOR HIMSELF HOW THE MARKET FOR FRUIT OPERATES IN THE U.S. AS IN OTHER MARKETS.
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